

# Landlord Rights under the CSFRA

Workshop | October 18, 2018



# Introductions

# City of Mountain View CSFRA Staff



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# Landlord Rights under the CSFRA

1

CSFRA Background

2

Charge Market Rate Rent at the Start of a New Tenancy 3

Charge Annual General
Adjustments of Rent
and/or Banked Increases

4

File a petition to ensure a fair return on investment

5

Terminate Tenancies for any of the 9 Just Causes

### What is the CSFRA and What Does It Do?

A voter approved measure to stabilize the community by reducing housing turnover in certain rental units by...







### What Rental Units are Covered?



Most multi-family rental properties built before December 23, 2016 are covered by the CSFRA.

### **Fully Covered**

Both Rent Stabilization and Eviction Protections Apply

- Built before 1995
- 3 or more units
- Not a government or subsidized rental unit

### **Partially Covered**

**Eviction Protections Apply** 

- Built between 1995 and 2017
- 3 or more units
- Not a government or subsidized rental unit

### What Rental Units are Covered?

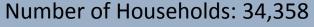
### **Multi-Family Units**

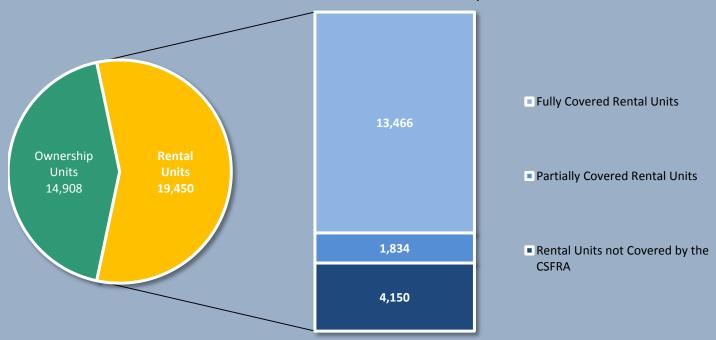
First Certificate of Occupancy	Rent Increases	Just Cause	Rent Roll Back
Before February 1, 1995	✓	<b>✓</b>	<b>✓</b>
Between February 1, 1995 and December 23, 2016	X	<b>✓</b>	X
After December 23, 2016	X	X	X

### **Fully Exempt Units**

- X Single Family Homes
- X Condominiums
- X Companion Units
- X Duplexes
- V Units in hotels, motels, etc. rented out for less than 30 days
- X Units in hospitals, medical care facilities, dormitories, etc.
- X Government or subsidized rental units

### **CSFRA Covered Rental Units**





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### What is Base Rent?

Tenancy started **on or before**Oct. 19, 2015



Base Rent =
Rent in effect on
Oct. 19, 2015

Tenancy started **after**Oct. 19, 2015

Base Rent =
Market Rent at Start
of Tenancy

### What is the Rent Roll Back?

Starting on Dec. 23, 2016

After Dec. 23, 2016

Before Sept. 1, 2017

- Only Base Rent, plus allowable increases can be charged
- If a higher rent was charged, the overcharged rent needs to be paid back
- No rent increases are allowed

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# What is the Annual General Adjustment?

**Annual General Adjustment (AGA):** Amount that rent for CSFRA Covered Rental Units may be increased each year

- Based on inflation → Consumer Price Index
  - Minimum 2% increase allowed per year
  - Maximum 5% increase allowed per year
- Effective from September 1 each year
- A Landlord can
  - Increase rent with AGA
  - Save up rent increases (banking)



# What Rent Increases can be Charged?

- 1. 2017 AGA: 3.4% Between September 1, 2017 – August 31, 2018
- 2. 2018 AGA: 3.6%

  Between September 1, 2018 –

  August 31, 2019
- 3. Banked Rent Increases
  Allowed rent increases not previously charged



### What is a Banked Rent Increase?

1.

AGAs not previously charged Ex: 2017 (3.4%) + 2018 (3.6%)

2.

2016 inflationary banked increase (2.6%) (if applicable)

# Who is eligible for 2016 Banked Increase?

The 2016 inflationary banked increase applies only when:

Landlord continuously owned property since October 19, 2015; and Current tenant continuously resided in unit since October 19, 2015; and No rent increase between October 19, 2015 and December 23, 2016; and Landlord in full compliance with CSFRA

# How much Rent can be charged?

Date	Base Rent	2017 Increase	2018 Increase	2016 Inflationary Banked Increase	2019 Increase
From December 23, 2016 onwards	✓				
Between September 1, 2017 and August 31, 2018		3.4%			
Between September 1, 2018 and August 31, 2019			3.6%		
Between September 1, 2018 and August 31, 2020				2.6%	
Between September 1, 2019 and August 31, 2020					?

# What are the Noticing Requirements?

Rent Increase Notice: at least 30 days

Only 1 rent increase per 12 months

Rent Increase Notice with added Banked Increase Percentages: at least 30 days

- Copy to RHC (within 7 days) online
- Required language in Notice

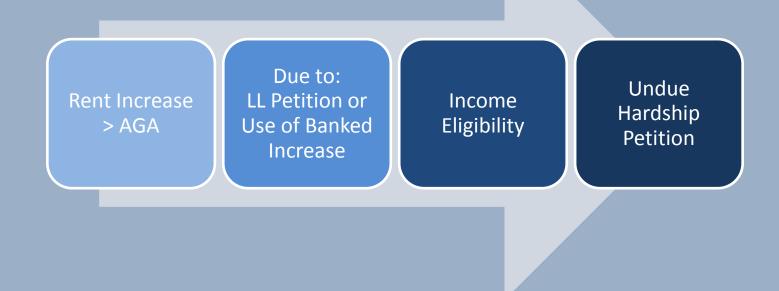
# Rent Increase Attachment Template

ATTACHMENT TO NOTICE OF 2018 ANNUAL GENERAL ADJUSTMENT OF RENT UNDER THE COMMUNITY STABILIZATION AND FAIR RENT ACT (CSFRA)	ATTACHMENT TO NOTICE OF 2018 ANNUAL GENERAL ADJUSTMENT OF RENT UNDER THE COMMUNITY STABILIZATION AND FAIR RENT ACT (CSFRA)
Date Notice Issued:	*ADDENDUM for Banked Rent Increases
Effective Date of Rentinorease:	A. Mandatory Text in Notice of a Banked Rent Increase
Tenant Mame(s):	The rent horease requested with this notice exceeds the annual general adjustment authorized for the currentyear. Landboots may some (bank) annual general adjustments that were not imposed in previous years and implement them with the current annual general adjustment in accordance with the Community Stabilization and Fair Rent Acts ection (100 and implementing requisitions.)
Property Address: (Daniel Number) (Daniel Number) (Daniel Number) (Clay) (Daniel Number) (Daniel Number)	Reitmay only be increased once every twelve months and reit increases cannot exceed the percent (10%) ofthe reitachally charged in the previous year. Tenant have the right to pertion the Reital Horsing Committee (RRIO) for reletrifies her thickness will cause an include hands in The RRIC defines a handship based on either horsehold income or if the horsehold spends 50% or more of lostehold income on reit, with specific definitions for losteholds with children, senting, or persons with disabilities or who are terminally III.
The following table may be used to show the Annual General Adjustment of Rent:  1.   Current Rent	fryou believe the rent horease requested with this notice is incorrect, excessive or causes an under lands lipt, you can (a) contact your landbord to discuss the increase, and/or (b) file a petition with the RHC. For more information about petitions or the hands lipt process, contact the Montain View Rental Housing Helpline at (650), 252-2514 or <u>CSFRA@Housing.org</u> .
2. 2018 Annual General Addus theni	B. Required Gualifications for eligibility to use the 2016 Banked Rent increase
3. 2017 Sarked Annual General Addustment of not previously charged see page% 2 for details *  Quit to 34%)  MANDATORY TEXT IN MODICE REQUIRED and BUE CORY WITH CITY	The 2016 Sailed Reithrocase of 25% may only be used by landbook for the following restal units:  1. The property has been continuously owned by the landbook shot october 19, 2015, and  2. The unit has been compled by the same heart to restold since October 19, 2015, and  3. The unit was not subject to a neithrocase between October 19, 2015 accentage 12, 2016.  4. The 2016 Sailed Reithrocase of 25% must be sued by August 31, 2020 or its brieft.
4. 2016 Banked Increase (Fellglible; see page 2 for details) *  (Ap to 2 8%)  Many TROY, TEXT IN NOTICE REQUIRED, and ENE CORY, WITH CITY.	C. Tenant Hardship Information
5. Total Rent Increase Percentage	If the proposed rent horease includes any Banked Rent horease a fenant may file an Undue Hardship Petition based on any of the following conditions:
(Add Lines 2, 3, and 4, an applicable; increase cannot exceed 10% of nort charged in the past. 12 months)	Hard ship Condition Hou sehold Income Limit Additional Criteria Or Rent Burden Status
8. Total Amount of Rent Increase	a. Inadequale Household Income 100% of AMII or Severe Rent Burden n/a
(Waltiply Line 1 by total Line 5)	b. Families with Children 120% of AMI or Severe Reni Burden Primary residence of the or more persons under the age of 18
7. Hew Total Fent Amount ** (Add Lines 1 and 6)	c. Senior Household 120% of AMI or Severe Reni Burden Primary residence of individual whols 62 or older
"'No rent increase shall be effective unless the Landard has substantially complied with all the provisions of the CSFRA and	d. Persons with Disabilities 120% of AMI or Severe Rent Burden Primary residence of person who is disabled
of natural regulations promotipated by the Pental Housing Committee (see CSPRA Section 1707(1)).  The Langillord charges a Banked Rest Increase, page 2 of tills template shorts be attacked to the	e. Persons who are Terminally II 120% of AMI or Severe Reni Burden Primary residence of person who is certified as leminally II
Notice, and respond the Notice of Banked Reit horease must be alled with the City at www.mountainukw.govire.ne.com.	Other 120% of Attillion Severe Rent Burden - Other extensisting circums brides
	Tenant may qualify if fold thrusehold impane does not exceed the fisled percentage of are a median impane attacked for household size (#80), or if household spends may from 50% of household income order in Severe Rent Burden).
DISCLAIMER Pages 1-2 of this template comply with the CSFRA and implementing regulations. Nather the Rental Housing Committee me the City of Mountain Vision milks any claims regarding this absquary, widely, or legistry of this use of this template under state or federal law. You may contact the Mountain Vision Pental Housing Highins at 609-202-2514 or CSFRAGEnument or Page 1	CISCLAMER Pages 1-2 of this tamplate comply with the CSFRA and implementing regulations. Nather the Restal Hassing Committee nor the City of Macratin Vision mike any claims regarding this abspace, widely, or legality of this use of this template under state or federal less. You may contact the Macratin Vision Perfol Hassing Holpins at 650-250-2514 or <u>CSFRA/Hassins on Page</u> 2.

# Rent Increase Attachment Template

1.	Current Rent	\$
2.	2018 Annual General Adjustment	%
	(Up to 3.6%)	
3.	2017 Banked Annual General Adjustment (if not previously charged; see page 2 for	%
J 5.		/0
	details)*	
	(Up to 3.4%)	
	MANDATORY TEXT IN NOTICE REQUIRED and FILE COPY WITH CITY	
	WANDATONT TEXT IN NOTICE NE QUINED BIIG TIEL COLT WITH CITT	
4.	2016 Banked Increase /if aligible: see page 2 for details)*	%
4.	2016 Banked Increase (if eligible; see page 2 for details)*	<del></del>
	(Up to 2.6%)	
	MANDATORY TEXT IN NOTICE REQUIRED and FILE COPY WITH CITY	
5.	Total Rent Increase Percentage	%
	(Add Lines 2, 3, and 4, as applicable; increase cannot exceed 10% of rent charged in the past 12 months)	
_		•
6.	Total Amount of Rent Increase	\$
	(Multiply Line 1 by total Line 5)	
7.	New Total Rent Amount **	\$
	(Add Lines 1 and 6)	

# And...Tenants can Claim Hardship



# Eligibility Criteria

100% AMI or 50% of Income Paid Toward Rent

120 AMI or 50% of Income Paid Toward Rent • Inadequate HH income/severe rent burden

- Primary residence of a person under the age of 18
- Primary residence of person 62 years of age or older
- Primary residence of person disabled or terminally ill
- Other extenuating circumstances

### Table of AMI Incomes

HH Size	1	2	3	4	5	6
100% AMI	\$87,650	\$100,150	\$112,700	\$125,200	\$135,200	\$145,250
120% AMI	\$105,200	\$120,200	\$135,250	\$150,250	\$162,250	\$174,300

\*2018 State Average Median Income adjusted for household size

# Tenant Hardship Petition Process

#### **File Petition Form**

- Provide supporting documents
- Submit asap after receiving rent increase notice

#### **Petition Process**

- Tenant pays current rent
- Tenant bears burden of proof

### Contested/ Uncontested Hearing

- Landlord may file response
- Withdraw increase
- Rely on Hearing Officer decision

#### **Decision/ Appeal**

- Hardship denied
- Hardship confirmed
- Appeal

### **Tenant Hardship** A. Petition Process after receipt rent increase notice

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Submit Tenant Petition	Asap after receipt of rent increase notice but no later than 10 days after effective date of increase
Review Completeness of Petition	
Notice of Acceptance Sent to Tenant and Landlord (includes preliminary date of Hearing if Uncontested)	Within 14 Calendar Days of Submission to the City
Landlord Response to Petition (optional)	Within 30 Calendar Days of Notice of Acceptance from City
Prehearing Settlement Conference	Encouraged
Date of Uncontested Hearing	Between 30-60 Calendar Days of Notice of Acceptance
Date of Contested Hearing	Within 30 Days of Submission of Landlord Response to City
Notice of Decision Sent	Within 14 Calendar Days of Uncontested Hearing

# Tenant Hardship B. Effective Rent During and After Hardship Process

Effective Rent During and After Hardship Process							
Prior to Submission of Petition	All rent lawfully due						
Upon Acceptance of Petition	Current rent without requested rent increase						
Decision: Petition is Rejected	Requested rent increase from effective date notice						
Decision: Petition is Granted	<ul><li>Prohibit "banked" rent increase</li><li>Phase-in period</li><li>Other relief</li></ul>						

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### **Purpose of Petition Process**

1

Initiate a request for an individual adjustment of rent

2

Explain and document the bases for a rent adjustment

3

Establish fair and transparent procedures

4

Notify all parties of a pending petition and allow all parties to participate in the process

# When can a petition be filed?

Landlord Petition for Tenant Petition for **Upward Adjustment** Downward of Rent **Adjustment** of Rent If unable to Rent in excess of receive fair return lawful rent on investment Failure to maintain MNOI habitable premises standard Decrease in services or maintenance Vega adjustment standard **Undue Hardship** 

### Petition for **Upward** Adjustment of Rent

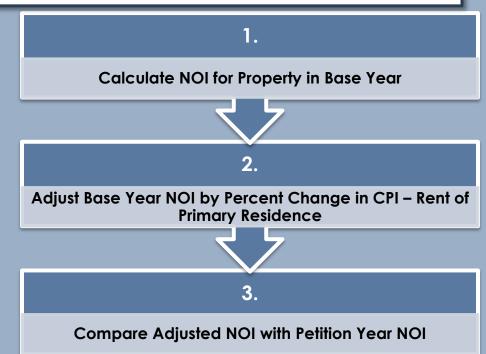
1 Basis for Landlord Petitions



To ensure a fair and reasonable rate of return

### Regulations Chapter 6: MNOI standard

- Fair Return methodology based on maintenance of net operating income (MNOI)
- Compares net operating income for base year and petition year
- If net income for the petition year is less than the net income for the base year, adjusted by CPI, landlord may be entitled to an individual upward adjustment of rent:



### Regulations Chapter 6: MNOI standard – Net Operating Income



### Regulation 6.D

- Rents
- Ancillary
   Services

   (laundry, vending, etc.)

### Regulation 6.E

- Fees & Costs
- Property Taxes
- Repairs
- AmortizedCapitalImprovements

### **Calculations**

- Annual
- Per Property

### Regulations Chapter 6: MNOI Standard/CPI – Rent of Primary Residence

Adjustment = 
$$\frac{Petition CPI - Rent of Primary Residence}{2015 Annual CPI - Rent of Primary Residence} = \frac{442.646}{371.075} = 1.19$$

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Annual	HALF1	HALF2
2008	283.377	283.721	284.679	286.219	286.557	288.085	288.994	290.625	291.618	292.805	294.462	294.582	288.810	285.440	292.181
2009	295.639	297.160	298.017	298.319	298.256	299.657	299.643	298.789	298.779	297.928	297.764	297.902	298.154	297.841	298.468
2010	297.463	297.313	296.556	296.926	297.124	296.623	297.567	297.360	298.627	298.747	299.730	299.728	297.814	297.001	298.627
2011	300.290	300.615	300.366	301.869	302.554	304.092	304.555	305.560	307.776	308.570	309.579	310.491	304.693	301.631	307.755
2012	311.762	312.480	312.963	313.915	314.802	315.477	316.902	318.537	320.408	321.787	323.516	324.185	317.228	313.566	320.889
2013	325.377	326.574	327.945	327.665	329.032	330.173	330.550	333.215	334.024	336.392	337.608	338.890	331.454	327.794	335.113
2014	340.389	341.897	344.032	345.144	346.579	348.153	350.089	352.421	354.097	355.811	358.557	359.353	349.710	344.366	355.055
2015	360.829	362.079	363.721	365.294	367.814	369.549	371.893	372.725	375.965	378.360	381.035	383.630	371.075	364.881	377.268
2016	385.439	387.481	387.690	389.716	391.029	394.782	396.477	398.331	400.484	402.124	406.379	408.710	395.720	389.356	402.084
2017	411.357	412.606	413.119	413.736	414.974	415.888	417.307	419.229	419.055	421.940	422,470	428.426	417.509	413.613	421.405
2018	430.328	430,929	436.318	437.317	438.551	440.273	440.741	442.68	442.646	6		6 3		435.619	

### Regulations Chapter 6.G.3: Vega Adjustment Standard

- Addresses unreasonably low rents in base year
- Allows landlords to substitute a **higher HUD rental formula** for the **base year**, in place of their actual rental income.

2.

Calculate Average Rent for Months Occupied in Base Year

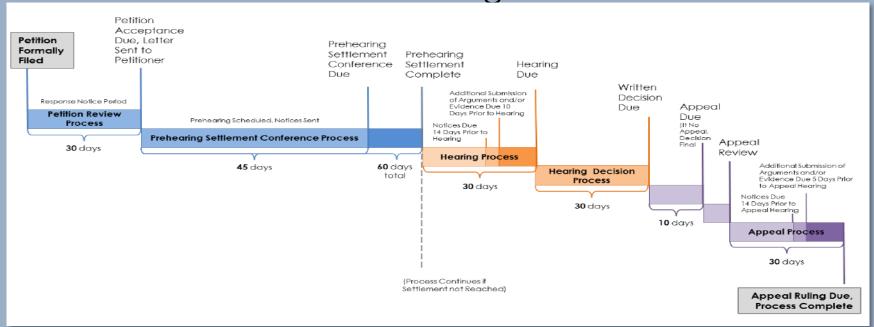
Compare Average Rent
 with HUD fair market rents

 Recalculate Base Year Gross Income with greater of: Average Rent or HUD fair market rent (if applicable)

3.

HUD Fair Market Rents								
Efficiency	1-Bedroom	2-Bedroom	3-Bedroom	4-Bedroom				
\$1,213	\$1,419	\$1,809	\$2,551	\$2,892				

### Landlord Petition Hearing Process Timeline



# Petition for Downward Rent Adjustments

4 Bases for Tenant Petitions



Unlawful collection of rent (§ 1710(d))



Failure to maintain habitable premises (§ 1710(b))

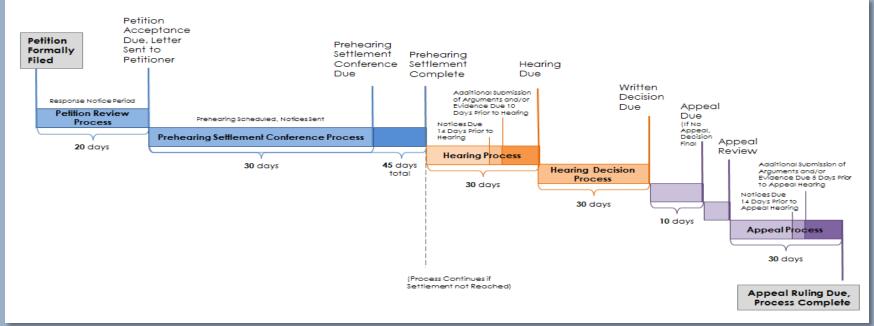


Decrease in housing services or maintenance



Undue Hardship

Tenant Petition Hearing Process Timeline



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## **Just Cause Eviction Protections**

#### 9 exclusive "reasons" for termination

#### **Tenant Causes**

- Failure to pay rent
- Breach of Lease\*
- Nuisance\*
- Criminal Activity\*
- Failure to give Access\*

#### **Landlord Causes**

- Repairs/temporary vacancies\*\*
- Owner move-in\*\*
- Withdrawal from rental market\*\*
- Demolition\*\*

<sup>\*</sup> Requires Notice to Cease, before termination notice

<sup>\*\*</sup> Requires payment of relocation assistance to qualifying households and right of first return

# Noticing Requirements

#### Notice of Termination: 30/60/120 days or 1 year

- Detail specific reason for termination
- Notify of tenants' rights to relocation assistance
- Copy to RHC (within 3 days)

#### Notice to Cease: Before Termination Notice

- To cure alleged violation by tenant
- Provide RHC telephone #: 650-903-6125

#### Notice of Intent: Withdrawal of Rental Units from Market

• TRAO/Relocation Agency/Tenant relocation assistance

## **Notice of Termination**

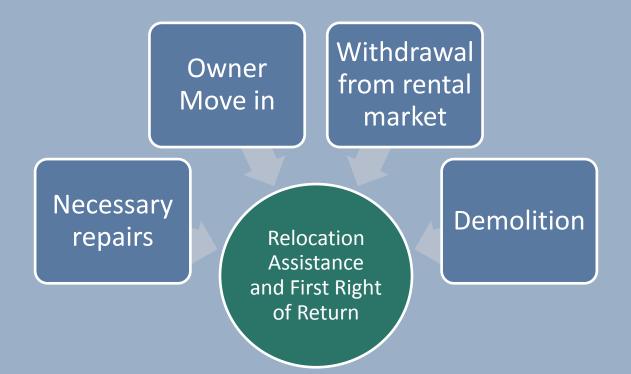
30 Days if Tenant has Rented for < 1 Year

60 Days if Tenant has Rented for > 1 Year

120 Days in case of Withdrawal Unit from Rental Market

1 Year in case of Withdrawal Unit from Rental Market and Tenant is Senior or Disabled

## When is Relocation Assistance Due?



# Relocation Assistance Eligibility

HH Size	1	2	3	4	5	6
100% AMI	\$87,650	\$100,150	\$112,700	\$125,200	\$135,200	\$145,250
120% AMI	\$105,200	\$120,200	\$135,250	\$150,250	\$162,250	\$174,300

<sup>\*2018</sup> State Average Median Income adjusted for household size

## Relocation Assistance Defined

Refund security deposit 60 day subscription to Relocation Agency 3 months rent for average similar sized unit \$ 3,262 for special circumstances (seniors, minors, disabled)

# First Right of Return



Following termination, same rental unit is returned to market



Tenant to advise owner in writing if interested & provide forwarding address



Owner is obligated to inform City and Tenant when that unit is being re-rented

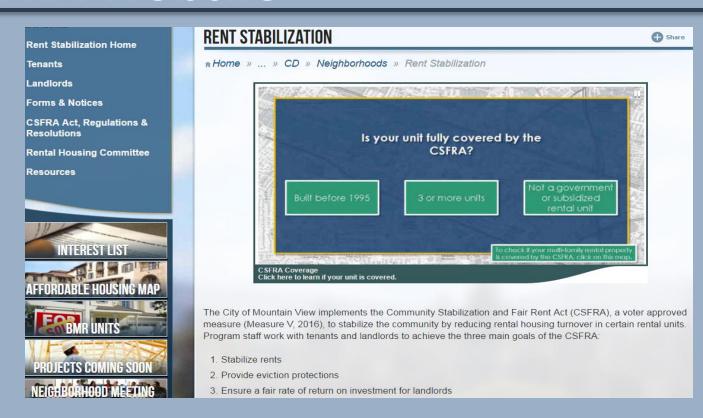
# First Right of Return

Maximum Terms of First Right of Return Benefits									
Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Actual & Exempla Damage	ary								
	of Vacano eed 6 mont	•							
Period of First Right of Return (negotiable rent)									

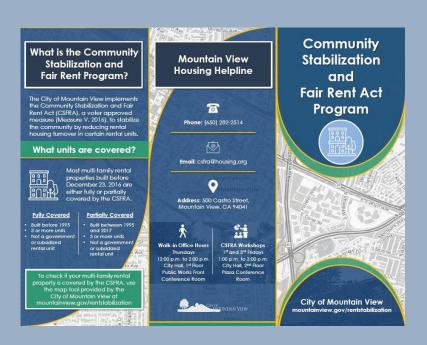
## **CSFRA Resources**

- 1. Website
  - 2. Brochures
    - 3. Mountain View Rental Housing Helpline
    - 4. Petition Clinics
  - 5. Educational Workshops
- 6. Legal Resources

## **CSFRA Website**



### **CSFRA Brochures**





## Mountain View Rental Housing Helpline

### Contact Information

Phone: (650) 282-2514

Email: csfra@housing.org

Mountainview.gov/rentstabilization

### Walk-in Office Hours

Thursdays
12:00 p.m. to 2:00 p.m.
City Hall, 1st Floor
Public Works Front Conference
Room

(habla español)



## Petition Clinics for Landlords and Tenants

### **Petition Clinics**

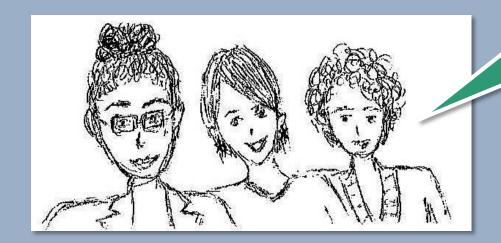
1st and 3rd Friday of Each Month 1:00 p.m. to 3:00 p.m. City Hall, 2nd Floor Plaza Conference Room



# Legal Resources

Santa Clara County Bar Association Lawyer Referral Service	(408) 971-6822 www.sccba.com				
Law Foundation Silicon Valley (Volunteer Eviction Assistance Collaborative)	(408) 280-2424 https://www.lawfoundation.org/				
Community Legal Service EPA	(650) 391-0354 http://www.clsepa.org/				
Bay Area Legal Aid	(408) 850-7066 https://baylegal.org/get-help/				
Asian Law Alliance:	(408) 287-9710 http://asianlawalliance.org/				
California Dept. of Consumer Affairs Landlord-Tenant Handbook:	http://www.dca.ca.gov/publications/landlordbook/index.shtml				
Superior Court Self-Help Center	(408) 882-2926 http://www.scscourt.org/self_help/civil/ud/ud_resources.shtml				

## **Questions?**



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Comments or suggestions on CSFRA Workshops?
Take a moment to fill out the survey!